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August 8, 2008

PUBLIC UTILITIES  
COMMISSION

2008 AUG -8 P 3:32

FILED

The Honorable Chairman and Members of  
the Hawaii Public Utilities Commission  
Kekuanaoa Building  
465 South King Street, 1st Floor  
Honolulu, Hawaii 96813

Dear Commissioners:

RE: Docket No. 2008-0115 – Temporary Rate Increase for Moloka'i Public Utilities, Inc., Wai'ola o Molokai, Inc., and Mosco, Inc. ("Moloka'i Utilites").

Yesterday, the Consumer Advocate filed a letter regarding its position on Moloka'i Utilites' rate increase in the above docketed matter and inadvertently identified the docket number as 2008-0015. Enclosed is a replacement page 1 identifying the correct docket number (i.e., 2008-0115).

The Consumer Advocate apologizes for the inconvenience.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Cheryl S. Kikuta".

Cheryl S. Kikuta  
Utilities Administrator

CSK:tt

cc: P.A. Nicholas  
Brian T. Moto, Esq./Jane E. Lovell, Esq.

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August 7, 2008

The Honorable Chairman and Members of  
the Hawai'i Public Utilities Commission  
Kekuanaoa Building  
465 South King Street, 1st Floor  
Honolulu, Hawai'i 96813

Dear Commissioners:

RE: Docket No. 2008-0115 – Temporary Rate Increase for Moloka'i Public Utilities, Inc., Wai'ola o Moloka'i, Inc. and Mosco, Inc. ("Moloka'i Utilities").

On June 23, 2008, the Consumer Advocate filed a Statement of Position indicating that it would not oppose the temporary rate increase amounts set forth in the Commission's June 16, 2008 Order in the above docketed matter. By letter dated June 25, 2008, Peter Nicholas, Director of the three utilities that are the subject of the instant docket informed the Commission that the amounts set forth by the Commission in its June 16, 2008 Order was insufficient because the amounts did not consider, among other things: (a) the current financial results of each utility and (b) the expenses that would be incurred if Mosco were operated as a separate entity. As a result, Mr. Nicholas proposed alternate rates for the Commission's consideration. In further support of the proposed alternate rates, Mr. Nicholas represented that additional expenses must be considered for: (1) the resources that would be required to pursue the permit to draw water from Well 17 and the use of the Moloka'i Irrigation System to transmit the water drawn from Well 17 to Moloka'i Public Utility's customers; (2) decreases in revenues resulting from a cutback in water use due to the increase in the charges for water use; and (3) the funds that may be required to repair the system should there be an unexpected system breakdown.

Presently, the Consumer Advocate has not been provided with sufficient information to assess the reasonableness of the rates proposed by Mr. Nicholas. Although schedules were provided with Mr. Nicholas's June 25, 2008 letter, the underlying support that is submitted by a utility, either with the application or in response to discovery posed by the Consumer Advocate, to demonstrate the reasonableness of the underlying computations for the proposed rates was not provided. Subsequently, on July 7, 2008, additional information was provided at the request of the Commission in the informal July 3, 2008 status conference. Unfortunately, the information was not of the quality that is required to perform